

RECORDATION NO. 21218 FILED

ORRICK, HERRINGTON
& SUTCLIFFE LLP

FEB 11 '98

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Direct Dial
(212) 506-3383

February 11, 1998

RECORDATION NO. 21218-A FILED

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RECEIVED
SURFACE TRANSPORTATION
BOARD
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Secretary
Surface Transportation Board
Suite 700
1925 K Street NW
Washington, DC 20423

Dear Mr. Secretary:

I have enclosed one fully executed and acknowledged original of each of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code. In addition, a copy of each of the aforementioned documents is enclosed for your records.

Primary →

The first document is a Rolling Stock Security Agreement dated as of February 6, 1998 and is a "primary document" as defined in the applicable regulations.

The names and addresses of the parties to the first document are as follows:

Debtor: Fun Trains, Inc.
3700 North 29th Avenue – Suite 202
Hollywood, Florida 33020

Secured Party: Capital Growth International LLC
660 Steamboat Road
Greenwich, Connecticut 06830

A →

The second document is a Collateral Assignment of Security Agreement dated as of February 6, 1998 and is a "secondary document" as defined in the applicable regulations. We request that this assignment be cross-indexed with that certain Rolling Stock Security Agreement previously filed with the Surface Transportation Board on September 10, 1997, recordation number 20861.

The names and addresses of the parties to the second document are as follows:

Assignor: Fun Trains, Inc.
3700 North 29th Avenue – Suite 202
Hollywood, Florida 33020

Assignee: Capital Growth International LLC
660 Steamboat Road
Greenwich, Connecticut 06830

666 Fifth Avenue • New York, N.Y. 10103-0001
Telephone 212 506 5000 • Facsimile 212 506 5151

DOCSNY1:427437.1 Los Angeles • Sacramento • San Francisco • Silicon Valley • Singapore • Washington, D.C.

Hoane/Corporate Express

Country Parts

**ORRICK, HERRINGTON
& SUTCLIFFE LLP**

The equipment covered by the documents consists of railcars and engines, more particularly described as follows:

Description	Car Numbers
One Domed Passenger Car (C1)	RRCX 9001 FFTX 9001
One Domed Passenger Car (C2)	RRCX 9002 FFTX 9002
One Domed Passenger Car (C3)	RRCX 9003 FFTX 9003
One Domed Passenger Car (C4)	FT 9004
One Lounge/Entertainment Car (E1)	RRCX 9011 FFTX 9011
One Lounge/Entertainment Car (E2)	RRCX 9012 FFTX 9012
One Lounge/Entertainment Car (E3)	RRCX 9013 FFTX 9013
One Lounge/Entertainment Car (E4)	FT 9014
One Prototype Car FFTX 9008	RRIX 9008 FFTX 9008
Description: Florida Fun Train Cars	Car Numbers: Rader Nos.
One Domed Passenger Car FFTX 9005	RRIX 9005 FFTX 9005
One Domed Passenger Car FFTX 9006	RRIX 9006 FFTX 9006
One Domed Passenger Car FFTX 9007	RRIX 9007 FFTX 9007

A fee of forty-eight dollars (\$48.00) is enclosed. Please return the stamped originals to me at Orrick, Herrington & Sutcliffe LLP, 666 Fifth Avenue, New York, New York 10103.

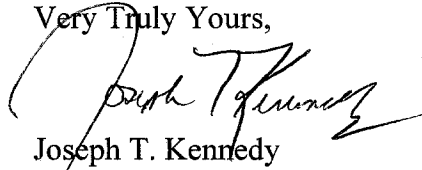
A short summary of the documents is as follows:

Rolling Stock Security Agreement between Fun Trains, Inc., 3700 North 29th Avenue – Suite 202, Hollywood, Florida 33020 and Capital Growth International LLC, 660 Steamboat Road, Greenwich, Connecticut 06830 dated as of February 6, 1998, covering railcars and engines.

ORRICK, HERRINGTON
& SUTCLIFFE LLP

Collateral Assignment of Security Agreement between Fun Trains, Inc., 3700 North 29th Avenue, Suite 202, Hollywood, Florida 33020 and Capital Growth International LLC, 660 Steamboat Road, Greenwich, Connecticut 06830 dated as of February 6, 1998, pursuant to which the Assignor grants to the Assignee a first priority security interest in, and assigns, transfers and conveys and sets over to the Assignee, all of the Assignor's right, title and interest in and to that certain agreement dated October 23, 1996, as amended, between Rader Rail Car II, Inc. and Assignor and that certain Security Agreement dated August 22, 1997 between Rader Rail Car II, Inc. and Assignor.

Very Truly Yours,



Joseph T. Kennedy

Enclosures

cc: Rubi Finkelstein, Esq.

FEB 11 '98

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ROLLING STOCK SECURITY AGREEMENT

6th This **ROLLING STOCK SECURITY AGREEMENT** (this "Agreement") dated as of the day of February, 1998, is entered into by FUN TRAINS, INC. ("Debtor"), a Florida corporation, having its principal office at 3700 North 29th Avenue, Suite 202, Hollywood, Florida 33020 in favor of CAPITAL GROWTH INTERNATIONAL LLC, a Delaware limited liability company, as agent for the benefit of Holders, as defined below ("Secured Party"), whose address is 660 Steamboat Road, Greenwich, Connecticut 06830.

RECITALS

1. On April 26, 1996 and May 9, 1996, Holders (as defined in Exhibit A) advanced loans (the "Loans") to First American Railways, Inc., a Nevada corporation ("Borrower") in the aggregate principal amount of \$8,251,000 pursuant to and evidenced by the Notes (as defined on Exhibit A).

2. Pursuant to the Notes and the General Security Agreement dated April 26, 1996 between Borrower, as debtor, and Secured Party, as secured party, Borrower granted a lien to Secured Party in all property then owned or thereafter acquired by Borrower, including, without limitation all Rolling Stock (as defined below) purchased for use in Borrower's business.

3. After the Loans were funded and prior to the date hereof, Borrower incorporated Fun Trains, Inc. ("Debtor") as a wholly owned subsidiary of Borrower, and all proceeds of the Loans were transferred by Borrower to Debtor to permit Debtor to purchase the Collateral (as defined herein), including, without limitation, the Rolling Stock (as defined herein). Thus, Debtor has enjoyed the benefits of all proceeds of the Loans.

4. Concurrently herewith, Debtor is delivering to Secured Party the Continuing Guaranty (the "Guaranty") under which Debtor is guarantying all obligations of Borrower to Secured Party.

In consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor agrees with Secured Party as follows:

I. DEFINITIONS

A. Specific Terms. In addition to terms defined elsewhere in this Agreement or in any exhibit or amendment hereto or document incorporated herein, when used herein, the following terms shall have the following meanings:

The "Collateral" shall mean the Rolling Stock, together with all parts thereof or therefor (including spare parts), attachments, accessories, accessions, equipment, appurtenances and additions that are appertaining, attached, affixed or related thereto and all substitutions, renewals or replacements thereof and all additions, improvements, accessions and accumulations thereto, all books and records (including computer records) in any way related thereto, and all proceeds thereof.

The "Collateral Location" shall mean within the State of Florida and the State of Colorado.

The "Contract" shall mean the Railcar Construction Agreement by and between Rader Railcar II, Inc. and Fun Trains, Inc. dated October 23, 1996, as it may be subsequently amended or modified.

The "Obligations" shall mean Obligations, as defined in the Guaranty, and any and all indebtedness, liabilities and obligations of Debtor under this Agreement, and any Security Agreement, or Collateral Assignment executed in connection with the Guaranty (the "Obligations").

The "Rolling Stock" shall mean the railcars, engines and other rolling stock or equipment described on Exhibit B attached hereto.

B. Other Terms. Except as otherwise defined herein, all capitalized terms used in this Agreement, which are defined in the Uniform Commercial Code as in effect in the State of New York ("UCC") shall have the meanings set forth in the UCC.

II. GRANTING CLAUSE

To secure payment and performance of the Obligations, Debtor hereby pledges, assigns, transfers and sets over to Secured Party, and grants to Secured Party a first priority lien and first priority security interest in and upon all of Debtor's interests in the Collateral.

III. REPRESENTATIONS AND WARRANTIES

Debtor hereby represents and warrants to Secured Party that:

A. Debtor is the sole and absolute owner of the Collateral free and clear of any and all liens, claims and encumbrances of every kind and nature except for the lien and encumbrance hereby granted and as described on Exhibit C attached hereto (the "Superior Lienholder")

B. To the best of Debtor's knowledge, upon appropriate filings with the United States Surface Transportation Board, the Florida Secretary of State, and the Colorado Secretary of State, the security interest contemplated hereby will at all times constitute a valid, perfected security interest in favor of Secured Party subject only to the Superior Lienholder

C. Except for the Rolling Stock located in Colorado, which is in possession of Rader Railcar II, Inc., to the best of Debtor's knowledge, no portion of the Collateral is in the possession of any party (other than Debtor) asserting any claim thereto or security interest therein. Exhibit B hereto contains a full and complete list and accurate description of the Rolling Stock.

IV. COVENANTS AND AGREEMENTS

Debtor hereby covenants and agrees with Secured Party that:

A. Operation. Debtor shall at all times during the term hereof maintain exclusive possession, control and use of the Collateral, except for any collateral located in Colorado, and shall completely assume all responsibility with respect thereto. Debtor shall further comply with all applicable federal and state inspection, licensing and registration requirements, and all other federal, state and local laws, regulations and other governmental requirements applicable to any portion of the Collateral or the use or operation thereof. Debtor shall not use the Collateral in any manner which is in violation of any provision of any insurance policy covering the Collateral.

B. Location/Inspection. Unless otherwise authorized in writing by Secured Party, Debtor shall cause all of the Collateral to at all times be located within the Collateral Location, and shall provide to Secured Party, from time to time, upon request of Secured Party, a list of the items of Collateral specifying the physical location and condition of each material item. Secured Party may examine and inspect the Collateral or any part thereof, wherever located, at any reasonable time or times.

C. Identification of Collateral. Debtor shall, at all times, cause the Collateral to be kept numbered with identification numbers as shall be set forth in this Agreement, or any amendment or supplement hereto. Debtor will not change the identification number of any unit of Collateral unless and until a statement of a new number or numbers to be substituted therefore shall have been filed with Secured Party and filed, recorded and deposited, by Debtor at all public offices where this Agreement shall have been filed, recorded and deposited.

D. Liens. Debtor shall not create or permit to exist any lien, encumbrance or security interest (except, a second priority security interest to be granted to Pointe Bank, which shall be satisfactory to Secured Party) upon or with respect to any portion of the Collateral now owned or hereafter acquired, in favor of anyone other than Secured Party, and Debtor will defend the Collateral against all claims and demands of all persons at any time otherwise claiming the same or any interest therein. Debtor shall further perform any and all acts reasonably requested by Secured Party to establish, perfect, maintain and continue Secured Party's security interests and liens upon the Collateral, including, but not limited to: (i) executing financing statements, documents or certificates of title and any and all other instruments and documents (including, without limitation, any instruments to be filed with the Surface Transportation Board) when and as reasonably requested by Secured Party, and (ii) causing the owners and/or mortgagees of the real property on which any Collateral may be located to execute and deliver to Secured Party waivers or subordinations satisfactory to Secured Party with respect to any rights in such Collateral.

E. Alterations and Maintenance. Debtor shall pay or cause to be paid all obligations arising from the repair and maintenance of such Collateral, as well as all obligations with respect to the premises where any portion of the Collateral is or may be located, except for any such obligations being contested by Debtor in good faith by appropriate proceedings being diligently conducted and for which adequate reserves in form and amount acceptable to Secured Party have been provided. Without limiting the

foregoing, Debtor shall, at its sole cost and expense, make or cause to be made all repairs and replacements to each item of the Collateral as may be necessary to (A) keep and maintain such item in all respects in first-class mechanical condition and repair, and (B) comply with all applicable federal, state and local laws, rules, regulations and other governmental requirements.

F. Taxes. Debtor shall pay promptly and in every case prior to becoming delinquent all taxes and assessments on or relating to the Collateral, or for its use or operations, or upon this Agreement, or any of the Obligations, or with respect to the perfection of any security interest or other lien hereunder (except as otherwise required by law); provided, however, that Debtor shall not be required to pay any such tax or assessment, the payment of which is being contested in good faith and by appropriate proceedings being diligently conducted and for which adequate reserves in form and amount acceptable to Secured Party have been provided, except that Debtor shall cause (i) to be paid all taxes and assessments upon the commencement of proceedings to foreclose upon any lien on the Collateral unless such foreclosure is stayed by the filing of an appropriate bond, and (ii) any arrest, seizure, levy, custody of or other detainer of any portion of the Collateral to be released within ten (10) days by filing an appropriate bond or undertaking or by securing such discharge or release by stipulation or otherwise, and Debtor shall execute and deliver to Secured Party, on demand, appropriate certificates attesting to the payment or deposit thereof.

G. Insurance. Debtor shall, at all times, keep all of the Collateral insured against loss, damage, theft and other risks, by maintaining policies in such amounts and with companies and under such policies and in such form, all as shall be acceptable to Secured Party. Debtor shall maintain single limit public liability and property damage insurance of not less than \$20,000,000.00 per occurrence, or such greater or lesser amount as Secured Party may from time to time request upon notice to Debtor. Debtor shall cause such insurance policies to be written with loss payable clauses providing in effect that the proceeds of any property insurance policy paid on account of any loss shall be paid to Secured Party, which proceeds shall be disbursed by Secured Party to Debtor for repair, restoration or replacement of the damaged or lost property or applied by Secured Party as provided in Section IV(H) below. Debtor shall maintain such other insurance as may be required by law. Debtor shall furnish Secured Party with a copy or certificate of each such policy or policies and, prior to any expiration or cancellation, each renewal or replacement thereof.

H. Event of Loss. Proceeds of insurance received by Debtor on account of any partial loss shall be used by Debtor for the purpose of making repairs to such Collateral, provided, however, that Debtor shall provide certification to Secured Party of the repairs made on completion or such repairs. So long as no Default or Event of Default under this Agreement has occurred and is continuing, all insurance proceeds received by Secured Party on account of any loss of or damage to any portion of the Collateral may, at the option of Secured Party either (i) be used and applied for the sole purpose of paying the cost of repair, restoration or replacement of the Collateral damaged or destroyed, and Debtor shall provide Secured Party with an appropriate certification by a qualified engineer that any such repair, restoration or replacement which exceeds \$50,000.00 in cost has been completed, or (ii) be applied to the payment of Holders' Obligations in such order and manner as Secured Party may elect. If any Default or Event of Default under Article V of

this Agreement has occurred and is continuing, unless Secured Party otherwise consents in writing, all insurance proceeds received or held by Secured Party on account of any loss of or damage to any portion of the Collateral, after deducting therefrom the reasonable charges and expenses paid or incurred in connection with the collection and disbursement of said proceeds, shall be applied to the payment of Secured Party and Holders Obligations in such order and manner as Secured Party may elect.

I. Notice of Certain Events. Debtor shall give Secured Party immediate notice of any attachment, lien, judicial process, encumbrance or claim affecting, or any other event which may adversely impact, any Collateral and any casualty to or accident involving any portion of the Collateral, whether or not constituting an insurable loss provided for in Section IV(G) or IV(H) above.

J. Hazardous Cargo. Debtor shall not use the Collateral, or permit it to be used, for the transportation or storage of any substance which is categorized as or required to be labeled as, "Poison" or "Poisonous", "Explosive" or "Radioactive" (or any categories or labels substituted for such categories or labels as in effect on the day hereof)or under 49 C.F.R. 171 or other applicable Federal or state rules or regulations in effect from time to time regulating the transportation of hazardous materials.

K. General Indemnity. In addition to the payment of expenses pursuant to Section VI(H), Debtor hereby agrees to indemnify, pay and hold Secured Party and any obligee of the Obligations and the officers, directors, employees, agents and affiliates of Secured Party and any such obligee (collectively, the "Indemnitees") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable attorneys' fees, costs, expenses and disbursements of such attorneys for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees shall be designated a party thereto), that may be imposed on, incurred by or asserted against the Indemnitees, in any manner relating to or arising out of this Agreement, or any other agreement, document or instrument executed and delivered by Debtor in connection herewith (collectively, the "Indemnified Liabilities"); provided that Debtor shall have no obligation to an Indemnitee hereunder with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of that Indemnitee as determined by a court of competent jurisdiction in a final, non-appealable order. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Debtor shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section IV(K) shall survive satisfaction and payment of, the Obligations and the termination of this Agreement.

L. Secured Party's Performance. Debtor will allow Secured Party, at its option, from time to time, to perform any agreement of Debtor hereunder which Debtor shall fail to perform and take any other action which Secured Party deems necessary for the maintenance or preservation of any portion of the Collateral or its interest therein (including, without limitation, the discharge of taxes, except as such taxes are being

contested in good faith as permitted by Section IV(F) above, or liens, encumbrances or claims of any kind upon or against any of the Collateral or the procurement of insurance or the payment of warehousing charges, landlord's bills or other charges), and Debtor agrees to forthwith reimburse Secured Party for all costs and expenses incurred by Secured Party in connection with the foregoing, together with interest thereon at a rate per annum equal to the lesser of 18% per annum or the highest rate allowed by law from the date incurred until reimbursed by Debtor. Secured Party may for the foregoing purposes act in its own name or that of Debtor and may also so act for the purposes of adjusting, settling or, upon the occurrence and continuation of an Event of Default, canceling any policy of insurance on the Collateral or endorsing any draft received in connection therewith in payment of a loss or otherwise, for all of which purposes Debtor hereby grants to Secured Party its power of attorney, which is coupled with an interest and irrevocable during the term of this Agreement. In the event Secured Party, in its sole discretion, undertakes any action under this Section IV(L) at any time or from time to time, Secured Party shall be under no obligation to undertake any such action on any subsequent occasion, and Secured Party shall not be required to provide Debtor or any other Person with any notice in order for Secured Party to take any action hereunder or Notice of Secured Party's intent not to take any action hereunder at any time or from time to time.

V. DEFAULTS AND REMEDIES

a. Debtor's failure to pay promptly when the same shall become due, any present or future obligations to Secured Party or Holders including, but not limited to, any portion of the Obligation.

b. Failure by Debtor to comply with or perform any obligation or covenant under this Agreement, the Guaranty, or any obligation or covenant of any document contemplated by or delivered in connection with the Guaranty or this Security Agreement, on its part to be complied with or performed.

c. Any representations or warranties made or given, or to be made or given, by Debtor in the Guaranty, this Security Agreement, or in any certificate, agreement, instrument of statement contemplated by or made or delivered in connection with the Guaranty or this Agreement, shall have been incorrect, false or misleading in any material respect when made.

d. Subjection of the Collateral, or any part thereof, to attachment, levy of execution or other judicial process.

e. Any money, deposits or other property of Debtor now or hereafter on deposit with, or in the possession or under control of Secured Party or any Holder being attached or becoming subject to distraint proceedings or any order or process of Court.

f. The occurrence of any breach or default under any instrument, pledge agreement, collateral assignment or guaranty evidencing, securing or guaranteeing Debtor's obligations to Secured Party or to Holders.

g. If Debtor shall be dissolved or liquidated or any proceeding for dissolution or liquidation of Debtor is commenced or Debtor fails to maintain its corporate existence.

h. If Debtor becomes insolvent (however defined or evidenced) or makes an assignment for the benefit of creditors.

i. If there shall be filed by or against Debtor any petition for any relief under the bankruptcy laws of the United States now or hereafter in effect or any proceeding shall be commenced with respect to Debtor under any insolvency, readjustment of debt, reorganization, dissolution, liquidation or similar law or statute of any jurisdiction now or hereafter in effect (whether at law or in equity), provided that in the case of any involuntary filing or the commencement of any involuntary proceeding against Debtor such proceeding or petition shall have continued undismissed and unvacated for at least 60 days.

j. If the usual business of Debtor shall cease or be terminated or suspended.

k. If any proceeding, procedure or remedy supplementary to or in enforcement of judgment shall be commenced against, or with respect to any property of, Debtor.

l. If any petition or application to any court or tribunal, at law or in equity, be filed by or against Debtor for the appointment of any receiver or trustee for Debtor or any part of the property of Debtor provided that in the case of any involuntary filing against Debtor such proceeding or appointment shall have continued undismissed and unvacated for at least 60 days.

m. The occurrence of an Event of Default as defined in the Security Agreement of even date between Debtor and Secured Party beyond any applicable cure period.

Upon the occurrence of any one of the foregoing defaults, which are herein referred to as Events of Default:

(i) Secured Party shall, have the right to take immediate possession of all or any part of the Collateral covered hereby, and, for that purpose, Secured Party may reasonably require Debtor to assemble the Collateral at a time and location specified by Secured Party, may pursue the Collateral wherever it may be found, and may enter upon any of the premises of Debtor with or without force or process of law, wherever the Collateral may be or is expected or supposed to be, and search for the same, and, if found, take possession of and remove and sell, transfer, assign and dispose of said Collateral, or any part thereof;

(ii) Secured Party may exercise any one or more of the rights and remedies accruing to a secured party under the UCC, as defined herein, or the Uniform Commercial Code of any other relevant state or states and any other applicable law upon default by a debtor; and

(iii) Secured Party may exercise any one or more of the rights and remedies accruing to Secured Party under, the common law, law of equity or pursuant to statute, rule or regulation.

Secured Party's remedies set forth herein shall not be exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies Secured Party may have under this Agreement, or otherwise. The security interest created by this Agreement is in addition to and not in lieu of, any other security interest granted to Secured Party by Debtor.

B. Foreclosure. Foreclosure on the Collateral covered hereby may be had at public or private sale or sales, disposing of such portion or portions of the Collateral at each such sale, for cash or on credit, on such terms, at such place or places, and with or without the Collateral being present at such sale, all as Secured Party in its sole and absolute discretion shall determine from time to time. The enumeration of these methods of notice shall not be deemed or construed to render unreasonable any other method of notice which would otherwise be reasonable under the circumstances.

C. Application of Proceeds and Deficiency. The net proceeds of any sale, lease or other disposition of the Collateral, after deducting all costs and expenses of every kind incurred therein or incidental to the retaking, holding, preparing for sale, selling, leasing or the like of the Collateral on Debtor's premises, or elsewhere, or in any way related to Secured Party's rights thereunder (including, without limitation, attorneys' fees and expenses, court costs, bonds and other legal expenses, insurance, security guard and alarm expenses incurred in connection with the holding of the Collateral, advertisements of sale of the Collateral, and rental and utilities expense on the premises or elsewhere in connection with storage and sale of the Collateral) may be applied to the payment, in whole or in part, of the Obligations, whether due or not due, absolute or contingent, and only after payment of the foregoing amounts and payments by Secured Party of any other amounts required by any existing or future provision of law (including Section 9-504(l)(c) of the UCC or any comparable statutory provision of any jurisdiction in which any of the Collateral may at the time be located) need Secured Party account to Debtor for the surplus, if any. Debtor shall remain liable for the payment of any deficiency, with interest

D. Secured Party's Care of Collateral. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any portion of the Collateral in its possession if it takes such action for that purpose as Debtor requests in writing, but failure of Secured Party to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of Secured Party to preserve or protect any rights with respect to such portion of the Collateral against prior parties, or to do any act with respect to the preservation of such portion of the Collateral not so requested by Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

VI. MISCELLANEOUS

A. Amendments; Waivers; Remedies Cumulative. No delay or failure on the part of Secured Party in the exercise of, and no course of dealing with respect to, any right hereunder shall operate as a waiver thereof and no single or partial exercise by Secured

Party of any right shall preclude other or further exercise thereof or the exercise of any other right hereunder, or any of the other related documents or applicable law. A waiver by Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Secured Party would have on any future occasion. Each and every right granted to Secured Party hereunder, or any other instrument, document or agreement, or at law or in equity, shall be deemed cumulative and may be exercised from time to time. Neither this Agreement, nor any provision hereof, may be waived, modified, supplemented, amended, rescinded, discharged or terminated except by a writing duly signed by Secured Party, and then only to the extent therein set forth.

B. Durable Power of Attorney. Debtor hereby makes, constitutes and appoints Secured Party the true and lawful agent and attorney-in-fact of Debtor with full power of substitution to do any and all things necessary and take such action in the name and on behalf of Debtor to carry out the intent of this Agreement, including, without limitation, the grant of the security interest granted under this Agreement, to perfect and protect the security interest granted to Secured Party in respect to the Collateral and Secured Party's rights created under this Agreement and to act on behalf of Debtor for the purposes set forth in Section IV(L), which power of attorney is irrevocable during the term of this Agreement. Debtor agrees that neither Secured Party nor any of his employees, agents, designees or attorneys-in-fact will be liable for any acts or omissions to act, or for any error of judgment or mistake of fact or law in respect to the exercise of the power of attorney granted under this Section or the exercise of any power of attorney provided for under this Agreement. This power of attorney shall not be affected by the subsequent dissolution of Debtor and shall in all respects constitute a durable power of attorney.

C. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, telex, facsimile transmission or similar writing) and shall be given to such party at its address set forth below, or at such other address as such party may hereafter specify for the purpose of notice to Secured Party and Debtor. Each such notice, request or other communication shall be effective if given by mail, prepaid over night courier or any other means, when received at the address specified in this Section or when delivery at such address is refused.

If to Debtor:

FUN TRAINS, INC.
3700 North 29th Avenue - Suite 202
Hollywood, Florida 33020
Attn: President
Telephone No.: (954) 920-0606
Facsimile No.: (954) 920-0602

If to Secured Party:

CAPITAL GROWTH INTERNATIONAL LLC
660 Steamboat Road
Greenwich, Connecticut 06830
Attn: Michael S. Jacobs
Telephone No.: (203) 861-7750
Facsimile No.: (203) 861-7757

D. Applicable Law and Severability. It is the intention of the parties hereto that this Agreement is entered into pursuant to the provisions of the UCC. Any applicable provisions of the UCC, not specifically included herein, shall be deemed a part of this Agreement in the same manner as if set forth herein at length; and any provisions of this Agreement that might in any manner be in conflict with any provision of the UCC shall be deemed to be modified so as not to be inconsistent with the UCC, and to that extent the provisions hereof shall be several and the invalidity of one shall not invalidate another. In all respects this Agreement and all transactions, assignments and transfers hereunder, and all the rights of the parties shall be governed as to the validity, construction, enforcement and in all other respects by the laws of the State of New York as applied to agreements made, executed and performed within the State of New York. To the extent any provision of this Agreement is not enforceable under applicable law, such provision shall be deemed null and void and shall have no effect on the remaining portions of this Agreement. The headings of the paragraphs hereof shall not be considered in the construction or interpretation of this Agreement.

E. Successors and Assigns. This Agreement shall be binding upon Debtor and its successors and permitted assigns, and shall inure to the benefit of Secured Party and its successors and assigns. Debtor may not assign or delegate any of its rights or Obligations under this Agreement without the prior written consent of Secured Party.

F. Other Obligations. Nothing contained in this Agreement shall be deemed or held to impair or limit in any way the enforcement of the terms of any instrument evidencing any indebtedness, liability or other obligation of Debtor to Secured Party or Holders, including any other security agreement, pledge, collateral assignment or guaranty.

G. Duration of Security Interest. This Agreement shall continue in full force and effect, and the security interest granted hereby and the representations, warranties, covenants, agreements, and liabilities of Debtor hereunder and all the terms, conditions, and provisions hereof relating thereto shall continue to be fully operative until Debtor shall pay or cause to be paid or otherwise discharge all of the Obligations. Debtor expressly agrees that to the extent any payments, are subsequently in whole or in part invalidated, declared to be void or voidable, set aside and are required to be repaid to a trustee, custodian, receiver, or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof intended to be satisfied by any such payments with all applicable portions of this Agreement (if this Agreement shall have terminated) shall be revived and continued in full force and effect as if such payments had not been made.

H. Costs, Expenses and Taxes. Debtor agrees to pay all fees and out-of-pocket expenses of Secured Party (including, but not limited to, fees and expenses of counsel and auditors) in connection with the enforcement of this Agreement.

I. Further Assurances. Debtor agrees to do such further acts and things and to execute and deliver to Secured Party such additional agreements, instruments and documents as Secured Party may reasonably require or deem advisable to carry into effect the purposes of this Agreement, or to confirm unto Secured Party its rights, powers and remedies under this Agreement.

J. Jurisdiction; Waiver; Acknowledgment. This Security Agreement has been delivered in the State of New York and shall be construed in accordance with the laws of the State of New York. Whenever possible, each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. The Debtor hereby waives any plea of jurisdiction or venue as not being a resident of the County, New York where suit is instituted and hereby specifically authorizes any action brought upon the enforcement of this Security Agreement by Secured Party to be instituted and prosecuted in either the Circuit Court of any County, in the State of New York or the United States District Court situated in the State of New York, at the election of Secured Party.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

Signed and delivered
In the presence of:

Print Name: _____

Print Name: _____

"DEBTOR"
FUN TRAINS, INC.

By: _____

Name: Allen C. Harper

Title: Chief Executive Officer

STATE OF Florida
COUNTY OF Broward

The FOREGOING INSTRUMENT was acknowledged before me this ____ day of February, 1998 by Allen C. Harper as Chairman of FUN TRAINS, INC. a _____ corporation on behalf of the corporation. He/She is personally known to me or has produced _____ as identification.

My commission expires: _____

Madelyn Marin
Notary Public

Print Name: Madelyn Marin

Commission No.: _____

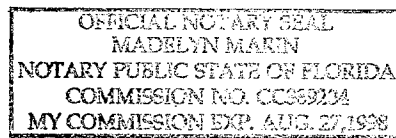


EXHIBIT A

Description of Notes and Holders Thereof

The holders ("Holders"), from time to time, of the Convertible Secured Notes (the "Notes") of First American Railways, Inc., a Nevada corporation, issued on April 26, 1996 and May 9, 1996 bearing interest at the rate of ten percent (10%) per annum, payable semi-annually on April 30th and October 31st, commencing October 31, 1996.

EXHIBIT B

The "Rolling Stock" shall include, without limitation, all railcars of the Company on the following table:

Description	Car Numbers	
One Domed Passenger Car (C1)	RRCX 9001	FFTX 9001
One Domed Passenger Car (C2)	RRCX 9002	FFTX 9002
One Domed Passenger Car (C3)	RRCX 9003	FFTX 9003
One Domed Passenger Car (C4)	FT 9004	
One Lounge/Entertainment Car (E1)	RRCX 9011	FFTX 9011
One Lounge/Entertainment Car (E2)	RRCX 9012	FFTX 9012
One Lounge/Entertainment Car (E3)	RRCX 9013	FFTX 9013
One Lounge/Entertainment Car (E4)	FT 9014	
One Domed Passenger Car FFTX 9005	RRIX 9005	FFTX 9005
One Domed Passenger Car FFTX 9006	RRIX 9006	FFTX 9006
One Domed Passenger Car FFTX 9007	RRIX 9007	FFTX 9007
Prototype Car	RRIX 9008	FFTX 9008

EXHIBIT C

Rader Railcar II, Inc. is currently the owner of all railcars listed on Exhibit B hereto that are located in the State of Colorado, except Prototype Car RRIX 9008, which is currently located in Colorado but is owned by Debtor. Debtor has assigned its security interest in the railcars owned by Rader Railcar II, Inc. that are located in Colorado to Secured Party.